

Message Text

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ORIGIN EB-11

INFO OCT-01 L-03 ADP-00 EUR-25 EA-11 SS-14 SAL-01 SIL-01

INR-09 H-02 INRE-00 RSC-01 /079 R

DRAFTED BY EB/ ORF: JLKATZ: BM

3/26/73 EXT:20396

APPROVED BY EB: JLKATZ

L/ EB - MR. MUIR

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P R 262019 Z MAR 73

FM SECSTATE WASHDC

TO AMEMBASSY LONDON PRIORITY

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMCONSUL DUSSELDORF

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STADIS //

E. O. 11652: N/ A

TAGS: EMIN, ETRD

SUBJECT: STEEL VRA

REF: LONDON 3505

1. IN LIGHT UNDER SECRETARY CASEY' S MEETING WITH VAN DER
REST ATTENDED BY LORD LAYTON AND LAWTON (BRUSSELS 1576)
IT SEEMS STRANGE THAT BSC SHOULD PERSIST IN TYING SUSPENSION
TO IMMEDIATE SUBMISSION LEGISLATION.

2. SUGGEST UNDER SECRETARY REVIEW STATE 52689 PRIOR TO
MEETING WITH LORD MELCHETT.

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3. CONFIRMING INFORMATION CONVEYED TO ASSISTANT SECRETARY ARMSTRONG BY KATZ, COURT OF APPEALS ORDER REQUIRES ALL WRITTEN BRIEFS TO BE SUBMITTED BY APRIL 6 WITH ORAL ARGUMENT TO TAKE PLACE AS SOON THEREAFTER AS COURT CALENDAR WILL PERMIT. IT IS EXPECTED THAT ORAL ARGUMENT WILL TAKE PLACE WEEK OF APRIL 16 OR WEEK OF APRIL 23. DECISION WOULD BE EXPECTED SEVERAL WEEKS THEREAFTER. THUS WE EXPECT TO HAVE DECISION BY COURT OF APPEALS WELL BEFORE THE WAYS AND MEANS COMMITTEE REPORTS OUT THE ADMINISTRATION TRADE BILL, PERMITTING CHAIRMAN MILLS TO INCLUDE PROVISION IN TRADE BILL VALIDATING VRA IF THIS DESIRABLE OR NECESSARY IN LIGHT APPEALS COURT DECISION. ROGERS

LIMITED OFFICE THE PRESIDENT IS WATCHING THEIR ACTIVITIES AND WILL TOLERATE NO ABUSES OF THEIR PRIVILEGES. FURTHER BRIEF NOUVEAU MONDE COMMENT IN A SIMILAR VEIN FOLLOWED ON MARCH 26.

2. PIERSON APPEARED AT THE EMBASSY FEBRUARY 28 TO DISCUSS WITH THE AMBASSADOR AND ECONOMIC SECTION CHIEF A SUMMONS HE HAD JUST RECEIVED TO PRESENT HIMSELF BEFORE THE DEAN OF THE CIVIL COURT THE FOLLOWING DAY. PIERSON SHOWED A BILL OF PARTICULARS ENTERED AGAINST DUPONT CARIBBEAN BY THE GOH CITING A NUMBER OF FAILURES TO PERFORM UNDER THE CONCESSION (THE EMBASSY HAS FORWARDED A TRANSLATED COPY TO ARA/ CAR.) THE SUMMONS WAS ISSUED IN EFFECT BY SECRETARY FRANCISQUE, WHO HAD THAT DAY CALLED PIERSON IN AND LECTURED HIM AT GREAT LENGTH, ACCORDING TO THE LATTER. EMBASSY REPRESENTATIVES WENT TO THE PALAIS DE JUSTICE MARCH 1 TO ACT AS OBSERVERS, BUT PIERSON WAS NO- SHOW, NOR HAS HE VISITED OR BEEN IN TOUCH WITH THE EMBASSY SINCE.

3. THE HEARING WAS HELD IN HIS ABSENCE, HOWEVER, WITH PIERSON REPRESENTED BY HAITIAN COUNSEL. A WEEK LATER, AFTER CARNIVAL, THE DEAN OF THE CIVIL COURT GRANTED THE GOH'S REQUESTED TEMPORARY RESTRAINING ORDER. THIS ORDER'S CONTENTS ARE KNOWN, OF COURSE, BUT THE EMBASSY HAS NOT YET BEEN ABLE TO OBTAIN A COPY.

4. MUCH EMPHASIS HAS BEEN LAID BY THE GOH, IN ITS LEGAL DOCUMENTATION AND IN THE SEMI-OFFICIAL PRESS, ON PIERSON'S FAILURE TO CONSTITUTE THE DUPONT CARIBBEAN FREEPORT AUTHORITY (DCFPA) AS REQUIRED UNDER THE CONCESSION. (SEE REFERENCE A FOR A SUMMARY OF THE TERMS OF THE CONCESSION.) REPORTEDLY, THERE HAS NOT BEEN A FUNCTIONING ADMINISTRATIVE BODY AT ALL DURING THE LIFE OF THE CONTRACT, DESPITE THE FACT THAT VARIOUS FINANCIAL AND CONSTRUCTION INITIATIVES HAVE BEEN TAKEN BY DUPONT CARIBBEAN OR SUB- CONTRACT BENEFICIARIES, WITH A RESULTANT VIRTUALLY TOTAL LACK OF COORDINATION BETWEEN THE GOH AND THE U. S. PRIVATE INVESTORS INVOLVED. THE GOH'S

ACTION AGAINST PIERSON THUS CONCEIVABLY COULD BE A MOVE TO FORCE
HIM TO SET UP THE DCFPA AND MAKE IT A FUNCTIONING GOVERNING
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BODY. THE EMBASSY THINKS IT MUCH MORE LIKELY, HOWEVER, THAT
THIS THE FIRST STEP TOWARD ANNULING THE CONCESSION
COMPLETELY FOR NON- PERFORMANCE. ONE REPORT HAS IT THAT
SUCH ACTION WILL BE TAKEN IN A MATTER OF DAYS, SUBSEQUENT
TO A COURT HEARING AND DECISION. THIS WOULD OPEN THE WAY
FOR THE POSSIBLE AWARD OF A SOMEWHAT SIMILAR, BUT MORE
CAREFULLY DRAWN, CONTRACT TO ANOTHER DEVELOPMENT GROUP.
(THE EMBASSY HAS HEARD THAT GULF OIL CORPORATION WOULD BE
INTERESTED IF THE LEGAL UNDERBRUSH CAN BE CLEARED AWAY; A
FRENCH GROUP ALSO IS RUMORED TO BE INTERESTED.) WHERE THIS
WOULD LEAVE SUB- CONCESSION- HOLDER TRANSLINEAR, INC. WITH
A CLAIMED \$2 MILLION ALREADY INVESTED, IS ANYBODY' S GUESS
AT THIS POINT, ALTHOUGH SECRETARY FRANCISQUE HAS ASSURED
TRANSLINEAR PRESIDENT CARDEN THE THE CORPORATION' S
INTERESTS WILL BE PROTECTED.

5. FYI: THE EMBASSY IS INFORMED BY A PARTY TO A JOINT
SUIT AGAINST PIERSON IN A TEXAS FEDERAL DISTRICT COURT THAT
HE, PIERSON, HAS BEEN TEMPORARILY ENJOINED BY THAT COURT
FROM VARIOUS BUSINESS ACTIVITIES AND FROM ALL CONTACTS WITH
THE GOH. END FYI
KNOX

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 MAR 1973
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE055234
Document Source: CORE
Document Unique ID: 00
Drafter: JLKATZ: BM
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730336/aaaafne.tel
Line Count: 151
Locator: TEXT ON-LINE
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: STADIS
Reference: 73 LONDON 3505
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 30 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30-Jul-2001 by willialc>; APPROVED <07-Sep-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 971223
Subject: STEEL VRA
TAGS: EMIN, ETRD
To: BONN
BRUSSELS
DUSSELDORF
LONDON
LUXEMBOURG
ROME
THE HAGUE

TOKYO

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005